

CITY OF MORGAN HILL
SPECIAL AND REGULAR REDEVELOPMENT AGENCY AND
SPECIAL CITY COUNCIL MEETING
MINUTES - JANUARY 26, 2000

Chairperson/Mayor Kennedy called the Special Meeting to order at 6:06 P.M.

ROLL CALL

Present: City Council/Agency Members Chang, Cook, Sellers, Tate, and Chairperson/Mayor Kennedy

DECLARATION OF POSTING OF AGENDA

Deputy City Clerk/Deputy Agency Secretary Corbet certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

PUBLIC COMMENTS

Chairperson/Mayor Kennedy opened the floor to public comment. No comments were offered. Public Comment portion of the meeting was closed.

CLOSED SESSION:

Interim City Attorney/Agency Counsel Leichter announced the following closed session items:

Redevelopment Agency & City Council Action

CLOSED SESSIONS:

1. **CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:**
Significant exposure to litigation pursuant to subdivision (b)(3)(E) of Government Code Section 54956.9: (1 case)
Attendees: Agency Board; Interim Executive Director; Interim Agency Counsel; Director of Business Assistance and Housing Services; Chief of Police, and William Straus, special counsel
2. **CONFERENCE WITH LEGAL COUNSEL - REAL PROPERTY NEGOTIATIONS**

Legal Authority:	Government Code 54956.8
Real Property Involved:	APN 726-13-001; 6.138 acres (portion of) located on the southeast corner of Monterey Road and East Dunne Avenue
City Negotiators:	Agency Members, Interim Executive Director, Interim Agency Counsel, Director of Business Assistance and Housing Services
Closed Session Topic:	Property Negotiations

3. CONFERENCE WITH LEGAL COUNSEL - POTENTIAL LITIGATION

Legal Authority: Government Code 54956.8 & 54956.9(c) (1potential case)

Real Property(ies) involved: APN 728-31-007 & 008; 25.50 acres located on the southwesterly side of Mission View and Cochrane Road; and APN 728-31-009 - 12.88 acres located on the southeast corner of Cochrane and Highway 101 (St. Louise Hospital property)

City Negotiators: Agency Members; Interim Executive Director; Interim Agency Counsel; and F. Gale Conner, special counsel

Closed Session Topic: Potential Litigation

4. CONFERENCE WITH LEGAL COUNSEL - REAL PROPERTY TRANSACTION

Legal Authority: Government Code Section 54956.8

Real property involved: Vacant Property (former gas station property)
APN 726-13-003
17090 Monterey Road, Morgan Hill

Agency Negotiators: Agency Members, Interim Executive Director
Director of Business Assistance & Housing Services , Interim
Agency Counsel

Closed Session Topic: Acquisition of Real Property

5. CONFERENCE WITH LEGAL COUNSEL - POTENTIAL LITIGATION

Legal Authority: Government Code Section 54956.9(b)(1)

Agency Negotiators: Agency Members, Interim Executive Director
Interim City Attorney, Director of Business Assistance &
Housing Services, Director of Community Development

Closed Session Topic: Potential Litigation

ADJOURN TO CLOSED SESSION

Chairperson/Mayor Kennedy adjourned the meeting to Closed Session at 6:08 P.M.

RECONVENE

Chairperson/Mayor Kennedy reconvened the meeting at 7:05 p.m.

CLOSED SESSION ANNOUNCEMENT:

Interim City Attorney/Agency Counsel Leichter announced no reportable action was taken on Items 1 and 2.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

At the request of Chairperson/Mayor Kennedy, Deke Descoteaux led the Pledge of Allegiance.

PUBLIC COMMENTS

Chairperson/Mayor Kennedy opened the floor to public comment on items not on the agenda. No comments were offered. The public comment portion of the meeting was closed.

Redevelopment Agency Action

CONSENT CALENDAR:

Vice Chair Sellers had questions regarding Item #2.

Action: *on a Motion by Agency Member Tate and Seconded by Agency Member Chang, the Redevelopment Agency Unanimously (5-0) Approved Consent Calendar Item 1, by Minute Action as Follows:*

1. DECEMBER FINANCE AND INVESTMENT REPORT

Action: *Accepted and Filed the Annual Report.*

2. FACADE IMPROVEMENT PROGRAM MODIFICATIONS

Vice Chair Sellers stated the program has been very successful for the past 10 years, and part of its success is the ability to market it. This will be between the cooperative agreement between the City and the Morgan Hill Chamber of Commerce. There are two parts to marketing: 1) notifying the existing businesses and 2) identifying target businesses. Vice Chair Sellers encourages the effort of being aggressive to sit down with these property owners. Vice Chair Sellers asked if there is something in place to help with design assistance or is City working with the Chamber of Commerce.

Joyce Maskell, Business Assistance and Housing Service Manager, stated they are currently working with the Community Development Department. Plans are reviewed with them, comments and feedback are considered. Mrs. Maskell stated the department could work with the Chamber of Commerce on the marketing issue, and that the project area goes all the way to the freeway.

Chairperson Kennedy asked what the major changes program were.

Mrs. Maskell stated, 1) the amount allotted for architecture/design consultants is \$2,000, up from \$1,500, 2) expansion of the program to include the Dunne and Tennant Avenue corridors; the program current includes the Downtown, the Madrone area and the entire Monterey corridor, 3) adoption of one rebate formula; all participants will receive a 50% rebate for exterior property improvements, instead of the existing three formulas with three funding tiers each and 4) increase the

maximum rebate amount for exterior property improvements to \$15,000 (if \$30,000 of improvements were paid by applicant) from \$12,500. This amount is recommended to encourage participation in the program, and due to increasing cost of construction improvements. It's still a requirement to enter into a facade agreement.

Agency Member Cook asked what the average request by businesses was in order to participate in the program. Agency Member Cook is concerned that targeted business (that need work) probably don't have the finances to do it and concerned that businesses don't need to show the need.

Mrs. Maskell stated that most of the applicants received the 50% rebate and that by increasing amounts, may increase number of applicants. There are not lot of takers at this time. Businesses have to wait five years between uses of the program.

Chairperson/Mayor Kennedy stated he is in favor of increasing the allotted amount to \$100,000; \$50,000 is not enough. The Facade Improvement Program has done an excellent job in the downtown. Mr. Kennedy stated that if the cap is reached, staff should come back and ask for more money; don't turn people away.

Agency Member Chang suggested leaving the allotted \$50,000 and increase it next year, if needed.

Agency Member Cook opposes the recommendation actions because there is no eligibility requirement, other than being a business owner and no standards with regards to need.

PUBLIC COMMENTS

Chairperson/Mayor Kennedy opened the floor to public comment. No comments were offered. Public Comment portion of the meeting was closed.

Action: *on a Motion by Vice-chairperson Sellers and Seconded by Agency Member Chang, the Redevelopment Agency on a 4-1 Vote with Agency Member Cook Voting No, Approved Modifications to the Facade Improvement Program and Authorized the Executive Director to Make Revisions to the Program, as Necessary.*

OTHER BUSINESS:

3. WORK PROGRAM FOR HOUSING ACTIVITIES FOR FY 99-00

Garrett Toy, Director of Business Assistant and Housing Services, presented the staff report.

Goals of the Work Program:

New Construction:

Begin Phase I of South County Housing's Villa Ciolino affordable Housing project, which is located behind Albertson's and the anticipated start date is March/April of this year.

Chairperson Kennedy asked that South County Housing be sure to incorporate the entrance Creekside Trail into this project.

Mr Toy replied that South County Housing is aware of this and that it will be incorporated into the design.

Complete Rehabilitation of Ecumenical Association for Housing's (EAH) Village Avante Apartments.

The project should be completed by March/April 2000. Other additional needs are lighting and landscaping, and EAH may ask for an additional \$400, 000 - \$600,000 dollars.

Develop at least one new affordable housing project.

Develop and implement a plan for the renovation/rehabilitation of the mobile home/trailer park on Church Street near the Post Office.

Housing Rehabilitation:

Providing rehabilitation loans for at least 15 single-family units. The loan committee has approved 10 loans totaling about \$325,000. Streamlining the loan process and approval process. A professional service has been obtained for loan underwriting because it is too time consuming to do in-house.

Process 40 grant applications combined for the Senior Housing Repair and Mobile Home Repair Programs. These are grants given to seniors and occupants of mobile homes. This program has been very successful. In this fiscal year, there are approximately 100 grant applications for the senior rehabilitation program and over 20 for the mobile home repair program. Approximately \$200,000 has been spent for the fiscal year.

Rehabilitate Agency owned house for sale as BMR unit. Acton Farmhouse (the museum), considered location to West 3rd Street property. Historical Society is working out the details for the moving of the Acton Farmhouse to behind the Villa Mira Monte location.

Rehabilitate 10 rental housing units. Currently revising program and loan documents and anticipate it being done, February, 2000. Then can address marketing the program to specific neighborhoods and rental properties.

BMR (Below Market Rate) Program

Facilitate the resale or sale of at least 20 BMR units. To date, 11 units have been sold; 7 new and 4 existing units. 15 BMR rental requests have been processed.

Implement a date tracking system for the BMR Program. Create and modify master database to more efficiently track the BMR program. Housing Division is working closely with Planning to work out different times when the units come on line; when they are available to use. It's currently approximately 1-year wait for Category A, which is the highest priority of people who live in Morgan

Hill. There are 30-40 applicants for Category A.

New Programs/Projects

Develop new projects/programs for affordable housing. Sponsoring some type of symposium or schedule special Agency study session to discuss affordable housing programs and projects other cities similar to Morgan Hill offer in their communities. Then take the comments received and develop a strategy for which programs should be developed. Create and implement a pilot paint and clean-up program targeting toward specific neighborhoods. Anticipate presentation of a program to the Agency in March 2000.

Explore concept of the Agency purchasing City property for land banking for future affordable housing projects. Currently working with the Planning Department to identify properties for possible locations for senior and family affordable housing projects. The Agency could purchase the land behind City Hall for senior housing.

Install a traffic signal in the Village Avante Project area.

Begin infrastructure improvements to Nob Hill Terrace neighborhood. Surveying residents to see if they meet the income requirement. There are 98 residents, 68 have been surveyed and 67 qualify. Continuing to survey the others.

Chairperson Kennedy stated that some of the land is owned by the county and is for the extension of Santa Teresa. Is the extension of the road a part of this project.

Mr. Toy stated it will be part of the project.

Enter into an agreement with a non-profit organization to rehabilitate a substantially blighted rental project in town. This refers back to the Church Street project. Work with the non-profit to develop plan for the renovation/rehabilitation of the mobile home/trailer park on Church Street. South County Housing may ask for a loan of 1 million to 1.2 million dollars for the project.

Agency Member Chang asked about the identified property at 17880 Monterey Road and also asked if the property across from Spero's could be included in the rehabilitation program.

For clarification, Mr. Toy stated that 17880 Monterey Road is the area of the Morgan Hill apartments and the mobile home; the property near the Villa Mira Monte.

Agency Member Cook asked whether the expected revenues of 2.6 million dollars is low?

Mr. Toy stated the estimate is on the conservative side.

Agency Member Cook would like to see the RDA's original \$100 million kept separately from the \$147

million allocated from the plan amendment. This would help with tracking the various projects.

Mr. Toy thanked his staff for their dedication and hard work

Chairperson Kennedy and Agency Member Chang stated it was an excellent staff and thanked the staff for their hard work.

Agency Member Tate would like to add an additional property to the identified properties; the motel on Monterey Road with the palm trees. Agency Member Tate also asked if it was possible to get residents more involved in areas like lighting, fencing and landscaping; for the residents to take ownership and pride in the project

Agency Member Cook, regarding the Village Ciolino project, asked if tenants (and South County Housing) couldn't get involved in an adopt the creek program.

Vice-Chairperson Sellers encouraged staff to sponsor a symposium. He felt this could bring people together, given them a common interest; talking about housing and hear any new affordable housing issues other communities are doing.

Chairperson Kennedy stated VTA (Valley Transportation Agency) has funding for housing programs associated with transportation corridors. Agency could contact them and see if we could take advantage of programs.

PUBLIC COMMENTS

Chairperson Kennedy opened the floor to public comment. No comments were offered. Public Comment portion of the meeting was closed.

Action: *No further direction given.*

Redevelopment Agency & City Council Action

OTHER BUSINESS:

4. FEASIBILITY CONSULTING SERVICES TO EVALUATE MEDICAL SERVICES IN MORGAN HILL

Mr. Garrett Toy presented the staff report. Staff interviewed three firms and H.O.M. Group appears to be the most qualified to do the job. The scope of services would not exceed \$30,000. This scope of work would allow us to complete a preliminary feasibility analysis of retaining medical services in the community.

Should the preliminary study find a specific level of medical services is feasible, a decision would need to be made as to whether to move into a Phase II analysis. Phase II would be a more in-depth and detailed feasibility analysis to determine the specific issues such as structure, type of services, and funding for

operations and maintenance. However, the precise scope of work for Phase II is contingent on the findings from Phase I and would need to be negotiated with staff. The Phase II scope of work would be brought back to the Agency for consideration. The preliminary feasibility analysis of providing medical services to the community would be completed by March 1, 2000.

Agency Member Tate asked what the cost potential of Phase 2 would be?

Mr. Toy stated that it is too hard to quantify at this point.

Chairperson Kennedy asked Mr. Toy to explain what basic questions the study would address.

Mr. Toy stated that the selected firm would address these questions in the preliminary analysis:

- 1) What provision of medical services make sense for Morgan Hill (i.e. Doctors offices, surgical center, women's center, recovery center, acute care, urgent care clinic)?
- 2) Is it financially feasible to operate a general acute care hospital in Morgan Hill? If not now, when? What would it take to restore acute care services to Morgan Hill?
- 3) What level of medical services can the community currently support?
- 4) What are the possible locations for a medical facility? What would the various options cost?
- 5) What are the different scenarios the City can pursue for providing medical services to Morgan Hill?

Council Member/Agency Member Cook asked if the question being address in the preliminary analysis and some of these tasks would be included in Phase 1. Council Member/Agency Member Cook is very interested in the financial picture and wants to see hard data, not just survey data.

Mr. Toy stated some would be included in Phase 1.

City Manager J. Edward Tewes stated Phase 2 is yet to be determined, but Phase 1 would allow for a narrow range of options for Phase 2.

Council Member/Agency Member Tate asked when the risk analysis would be known? Would it be Phase 1 or Phase 2?

Mr. Tewes stated that identification of the risks would be feasible, but not quantified in Phase 1.

PUBLIC COMMENTS

Mayor/Chairperson Kennedy opened the floor to public comment.

Glenda Garcia, has lived in Morgan Hill for 26 years. When she and her family moved here, there was one doctor and no emergency services. They had to go to San Jose. She has watched Morgan Hill grow and has watched the community turn the City into a very desirable City in the Bay area. Mrs. Garcia is a founder of Saint Louise Hospital and is very angry that it has been taken away. Morgan Hill needs a medical facility and she supports the feasibility study. Mrs. Garcia thanked Mayor/Chairperson Kennedy and Council

Member/Agency Member Chang for their efforts. Morgan Hill deserves a hospital.

Jim Wright drove from the library to the Gilroy facility. It took 20 minutes and this is too long for stroke or heart attack patients to receive medical assistance. Mr. Wright as Chairperson, Senior Advisory Committee, is aware that seniors are the largest age group of patients in the hospital. There is a lot of concern among seniors at the senior center. They are asking when is Morgan Hill going to get a medical assistance or facility to be determined by our needs. While attending other meetings, he has found that a number of hospitals are closing and almost every case, money is the issue. Asked that the hospital be considered along with the other projects currently being discussed.

Kristy McDonald Greenberg stated she is in support of the feasibility study. You have to ask the questions to get the answers. Ms. Greenberg wants to know if someone outside our community is right in compromising the quality of our lives. She believes the study will determine health care is necessary for this community.

Sharon Purser stated she is in support of the feasibility study, but be sure to ask how to entice a non-profit or for-profit medical organization to come to Morgan Hill, whether through a City grant, low-interest loan, so the City does not continuing to finance a paid-medical facility. She opposes the City's total involvement.

Mayor/Chairperson Kennedy stated the City is in receipt of a Letter of Intent from a medical service.

Council Member/Vice-chairperson Sellers asked is Phase 1 and Phase 2 included talking with health care providers?

Mr. Tewes, yes it would. He stated Phase 1 would answer the question.

Council Member/Agency Member Tate appreciated the speakers and encouraged the Council to go ahead with the feasibility study. The City needs to have answers and understand the risks.

PUBLIC COMMENTS

There being no further comments, Mayor/Chairperson Kennedy closed the Public Comment portion of the meeting.

Action: *On a Motion by Council Member/Agency Member Tate and Seconded by Council Member/Agency Member Chang, the City Council/Redevelopment Agency unanimously (5-0) Authorized the Executive Director to retain a firm to evaluate the feasibility of retaining medical services in Morgan Hill, Authorized the Executive Director to prepare and execute an agreement with the selected firm in an amount not to exceed \$30,000 and Appropriated \$30,000 from the fund balance for Fund 317.*

FUTURE COUNCIL-INITIATED AGENDA ITEMS:

Discussion on how to track the RDA's original \$100 million and the RDA extension \$147 million --
Council Member/Agency Member Cook; Council Member/Agency Member Chang

Prioritize Redevelopment Agency projects, following the workshop –
Council Member/Agency Member Chang,

Need to establish what the indebtedness policy will be – Council Member/Agency Member Cook

ADJOURN TO CLOSED SESSION:

Mayor/Chairperson Kennedy announced the return to Closed Session at 8:30 P.M.

RECONVENE:

Mayor/Chairperson Kennedy reconvened the meeting at 9:05 P.M.

CLOSED SESSION ANNOUNCEMENT:

Interim City Attorney/Agency Counsel Leichter announced no reportable action on Items 1, 2 or 3.

ADJOURNMENT: There being no further business, Mayor/Chairperson Kennedy adjourned the special and regular Redevelopment Agency and special City Council meeting at 9:13 P.M.

MINUTES RECORDED AND PREPARED BY:

Lois A. Corbet,
Deputy City Clerk/Deputy Agency Secretary